

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In Re:	§	Chapter 11
	§	
W.R. GRACE & CO., et al.,	§	Jointly Administered
	§	Case No. 01-01139 (JKF)
Debtors.	§	
	§	

**FEE AUDITOR'S FINAL REPORT REGARDING
FEE APPLICATION OF ELZUFON AUSTIN REARDON TARLOV & MONDELL, P.A.,
FOR THE ELEVENTH INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Eleventh Interim Quarterly Fee Application of Elzufon Austin Reardon Tarlov & Mondell, P.A.(the “Application”).

BACKGROUND

1. Elzufon Austin Reardon Tarlov & Mondell, P.A. (“Elzufon”) was retained as Delaware counsel to the Zonolite Attic Insulation Claimants. In the Application, Elzufon seeks approval of fees totaling \$5,973.50 and costs totaling \$3,343.18 for its services from October 1, 2003, through December 31, 2003.

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2001, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. 330, Issued January 30,

1996, (the "Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals. We served on Elzufon an initial report based on our review but did not receive a response from Elzufon.

DISCUSSION

3. In our initial report, we noted that per Elzufon's Appointment Order, the Court set a total budget for ZAI counsel of \$1.5 million in fees and \$500,000 in expenses for prosecuting the Science Trial. On July 28, 2003, the Court entered an Order increasing the budget by \$950,000 per side for additional attorney fees and expenses. It is our understanding that the Court-prescribed budget for ZAI counsel for prosecuting the Science Trial was exceeded in the prior interim period. Further, we remain unaware of any subsequent order increasing counsel fees and/or expenses regarding the Science Trial. We asked Elzufon to advise us if the firm's information or understanding regarding the referenced fee and expense status differed from ours. In light of the lack of response from Elzufon we assume our understanding of the matter remains correct.

CONCLUSION

4. Thus, due to the aforementioned budget overage, we recommend approval of fees totaling \$0 (\$5,973.50 minus \$5,973.50) and costs totaling \$0 (\$3,343.18 minus \$3,343.18) for Elzufon's services from October 1, 2003, through December 31, 2003.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.

By:


Warren H. Smith

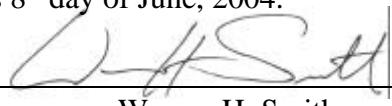
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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served First Class United States mail to the attached service list on this 8th day of June, 2004.



Warren H. Smith

SERVICE LIST

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